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**BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:

NATIONAL TRUST INSURANCE COMPANY

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No.: 04-099

**ORDER ADOPTING EXAMINATION REPORT
WITH MODIFICATIONS AND DIRECTIVE**

Pursuant to Tenn. Code Ann. §§ 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of National Trust Insurance Company (hereinafter also referred to as the "Company"), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2002, the examiner-in-charge filed with the Division, on the 18th day of August, 2004, a verified, written report on examination, and a copy of that report has been sent to National Trust Insurance Company. (The Report on Examination of National Trust Insurance Company is attached hereto and marked as Exhibit A). The Division received written rebuttal to said examination report from the Company on September 22, 2004. (A copy of the Company's written rebuttal is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of National Trust Insurance Company, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 18th day of August, 2004, is hereby **ADOPTED** as filed with the following **MODIFICATIONS** and **DIRECTIVE**:

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Dept. Of Commerce & Insurance
Company Examinations

1. The Report on Examination is hereby **MODIFIED** by deleting in its entirety the paragraph, found under the heading “Reinsurance” near the top of page sixteen (16) of the Report, which reads:

“The amounts due from the reinsurer under this agreement are collateralized by funds held under a trust agreement dated December 12, 2001, between the Company, FCCI Insurance Company and the Bank of New York.”

2. The Report on Examination is further **MODIFIED** by replacing the paragraph deleted above with the following paragraph:

“As amounts due from the reinsurer are collateralized by funds held under a trust agreement, the reinsurance receivables have been admitted as assets for the purposes of this report. The Trust Agreement between the Company, FCCI Insurance Company and the Bank of New York has been in effect since December 12, 2001.”

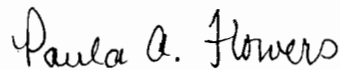
The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-11-206(a)(2) by notifying the Commissioner in writing of its intention to enter into any transactions listed under § 56-11-206(a)(2) at least thirty (30) days prior to doing so, so as to allow the Commissioner to review such transactions and determine whether or not to disapprove them. The Company is further **DIRECTED** to file all transactions listed under Tenn. Code Ann. § 56-11-206(a)(2) which have not been filed with the Commissioner prior to this examination for her review and determination as to whether or not to disapprove them.

The company shall comply with the directive contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against National Trust Insurance Company for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Modifications and Directive merely to adopt the examination report filed by the examiner-in-charge.

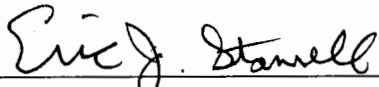
It is so **ORDERED**.

ENTERED this the 25th day of October, 2004.



Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

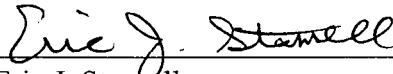
PREPARED FOR ENTRY:



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to National Trust Insurance Company, 6300 University Parkway, Sarasota, Florida 34240-8424, on this the 26th day of October, 2004.



Eric J. Stansell
Certifying Attorney